

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – APRIL 3, 2003**

**PRESENT:** Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The current SA1000 report for the week ending 3/30/03 shows retail sales were down -9.7%, on-premise sales were up .31%, off-premise sales were down around -39.11%, and total aggregate sales were down approximately -14.21%. The traffic count also decreased by 3,813, as did the average sales ticket by \$7.52.

The W-1 Total Weekly Sales report for the same week indicates total sales for the week were down -14.21% or (\$820,965), but increased for the year by 4.98% or \$12,414,311. Wine sales also experienced a decrease of -25.8% or (\$756,864), and were up by almost 8% or \$8,978,740 for the year. Sales of spirits likewise were down -2.26% or (\$64,101), and were up year-to-date by 2.15% or \$3,439,208.

##### **B. Budget Reports:**

Regarding the latest outstanding depletions and post-offs report, Craig mentioned that there should be adjustments for two brokers which have paid service charges or balances on their accounts.

Starting with next week's meeting, weekly and monthly reports will be received electronically in order to reduce paper flow. Accommodations will try to be made for anyone having special requirements. A data projector has been purchased for use during future meetings.

The contract for repairs to the Portsmouth store was submitted to Governor & Council; unfortunately, the Commission was instructed to remove out all contingencies. Peter said there will be a meeting with D.O.T. on Monday, and he will report back to the Commission next Thursday.

A review of the current Expense Budget Activity Variance Report for the period ending April 1<sup>st</sup> shows that we are at 75.34% through the year, with actual expenditures at about 74.14%. Aside from the salary and benefits categories, most of

the other accounts are down. George said he expects to hear from Joe Bouchard on net reductions for the 2 1/2% plan.

Estimated revenues for March were \$6.6 million, but actually reached \$7 million, which exceeded the estimate by \$4 million. Beer sales are off by \$100,000. Paperwork has been submitted to Administrative Services for transfer of monies for Store Operations, the overtime account, Enforcement and state travel.

2. IT Reports

Howard introduced Bob Anderson, the Governor's appointed CIO for Information Technology. Mr. Anderson gave a preview of what is planned to integrate IT services throughout the state system. He assured that he wanted to make sure that business is conducted normally. John Bunnell mentioned Marketing is in the process of compiling a list of their IT needs. He expressed concern that they would continue to receive the same level of interest as in the past.

So far six stores have had the new card program installed. The only real problem has been in receiving pinpads from Paymentech that work. A sample has been sent to the manufacturer to try to determine the cause. Other stores remain on the FDMS system with no problems. Howard successfully used a gift card for a test this week.

Howard previously e-mailed changes to the web site which would be in line with the State's new look and feel. This will be discussed again next week.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Peter reported that total store sales were down for the week ending 3/30/03 by (\$324,985.95) or -7.52%.

Work is progressing on renovations at Store #34 in Salem. Changeover to do the second half of the store will occur in late April. However, the contractor feels the second half will be much easier to complete.

2. Purchasing Report

The current out-of-stock report shows inventory to be in good shape right now. The Concord warehouse inventory also went very smoothly.

A. Request for Change in Form/Format on Issuance of BPO's:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request for change in the form/format on issuance of blanket purchase orders, as recommended by Kathleen Hass,

Director of Purchasing and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Mike Goclowski reported that the Law web site project has been completed, and testing has been done to train brokers on the new system.

3. Merchandising Report

A. SPIRITS:

1) Special Value Program:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve changes to the current Special Value Program, effective with the May 2003 price change, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Memorial Day Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty-seven (27) spirit items to be featured on sale during the Memorial Day Sale, scheduled to begin Thursday, May 15 through Monday, May 26, 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Test Market Products:

a. Test Market Request (The Glenlivet Archive 21 Year Single Malt Scotch):

It was moved from Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Pernod Ricard for a new test market listing for The Glenlivet Archive 21 Year Single Malt Scotch, 750ML size (assigned three-digit Code #592), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (DeKuyper Island Blue Pucker):

It was moved from Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request

from United Beverages, Inc./Future Brands for a new test market listing for DeKuyper Island Blue Pucker, 750ML size (assigned four-digit Code #5719), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (4 Camus Cognac products):

It was moved from Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Libiamo, S.R.L. for new test market listings for Camus 4U Liqueur, 750ML size (assigned four-digit Code #4524) and Camus Grand VSOP Cognac, 750ML size (assigned four-digit Code #4527), but deny new test market listings for Camus Josephine Cognac, 375ML size and Camus XO Borderies Cognac, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Results (Codes #712, #3533 and #4535):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission grant specialty listings to the following three (3) spirit items, each of which did not earn their respective gross profits required for full distribution, but did exceed the gross profits required for specialty status, to be carried in specialty stores only, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #712, Plantation Trinidad Rum, Code #3533, Citadelle Raspberry Vodka and Code #4535, Landys XO Cognac, 750ML sizes. The motion was unanimously adopted.

4) Line Extension Request (Appleton Estate V/X Jamaican Rum):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Brown-Forman Corporation for a line extension of Appleton Estate V/X Jamaican Rum, 1.75L size (assigned four-digit Code #8656), as this brand in the 750ML size exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Delist Mark Down (Virginia Gentleman Bourbon):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./A. Smith Bowman Distillery for a reduction in sale price and Commission purchase of remaining cases of Code #1490, Virginia Gentleman Bourbon, 750ML size, which was recently delisted, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Special Offers for June 2003:

a. 2 items – M.S. Walker, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from M.S. Walker, Inc., based upon depletions of two (2) spirit items, without matching state funds, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 42 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of forty-two (42) spirit items, without matching state funds, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for Memorial Day 2003:

a. 3 French wine items:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve three (3) French wine special offers, to be featured during the Memorial Day Sale, beginning Thursday, May 15 through Monday, May 26, 2003, as recommended by Nicole Horton, Wine Marketing

Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 10 items, excluding French wines:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve ten (10) wine special offers, excluding French wines, to be featured during the Memorial Day Sale, beginning Thursday, May 15 through Monday, May 26, 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 4 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) wine special offers from Horizon Beverage Company, to be featured during the Memorial Day Sale, beginning Thursday, May 15 through Monday, May 26, 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Special Offers for May 2003 (3 items – Martignetti Companies of N.H.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of three (3) wine items, to be featured on sale during May 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Special Offers for June 2003 (2 items – Pine State Trading Co.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Co., based upon depletions of two (2) wine items, to be featured on sale during June 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Blackstone Purchase & Distribution:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions and special allowances on four (4) Blackstone wine products, to be featured on sale during June and July 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Wine Specialty Products (10 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve ten (10) wine codes to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Allocated & Restricted Wines for Distribution to Selected Stores (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve one (1) allocated and restricted wine for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Primary Source Submissions (3 items – primary source; 19 items – exclusive agent; 41 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of three (3) wine codes which are from primary source; nineteen (19) wine codes which are not from primary source, but are offered by the exclusive marketing specialist; and forty-one (41) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) Tabled Item – Wine Close-Outs (tabled from 3/20/03, Item B-1):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that this item be removed from the table, and that the

Commission approve the reduction of close-out pricing floor stock adjustments for fourteen (14) wine codes in quantities and sale prices as presented (with no purchase of cases from Law Warehouse), as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS – None.**

**IV. CHAIRMAN’S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated March 28 through April 3, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

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Anthony C. Maiola, Chairman

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner



